

## **Medicaid**

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## **Budget Measure Slashes State's Medicaid Funds**

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### **Sacramento Bee**

By Herbert A. Sample

WASHINGTON--A massive budget bill approved by Congress on Friday will provide California with about \$78.7 billion in Medicaid payments over the next seven years to care for its seniors and poor residents.

But if the current measure is enacted -- President Clinton has promised a veto -- the state will have to cope with about \$ 15 billion less than it would have had over the same period had Congress left Medicaid as is.

Democrats say that will leave California's senior citizens and indigents with a much smaller health care safety net because the state government, which has suffered budget woes of its own for several years, cannot afford to compensate.

"The consequences are going to be quite devastating," said Rep. Henry Waxman, D-Los Angeles. But Republicans, noting that the Medicaid changes are part of a larger budget balancing measure, said California's kids eventually will be spared responsibility for a larger government debt.

"This is really a victory for our state's 11 million children," said Rep. David Dreier, R-San Dimas.

Medicaid, called Medi-Cal in California, provides health care and related services for disabled people, the poor and senior citizens living in nursing homes. It is financed in equal shares by federal and state funds.

Republican majorities in the House and Senate earlier this year approved separate reform packages that sought to reduce the amount spent on the program by about \$ 170 billion between 1996 and 2002.

That was accomplished by transforming the program into an annual block grant and capping the amount of federal funds each state could receive in each of those seven years, regardless of need, and by relaxing some requirements on states.

The House version would have barred California from obtaining more than \$ 78.7 billion over seven years, while the Senate set the cap at \$ 77.7 billion.

But instead of picking a figure, members of a House-Senate conference committee gave that option to the states, which are expected to pick the higher amount.

Negotiators also agreed to distribute \$ 3.5 billion over five years to California and 11 other states to partially cover the cost of emergency medical care provided undocumented immigrants. California will get nearly half of that amount, between \$ 287 million and \$ 350 million a year between 1996 and the year 2000.

In total, California would receive \$ 80.3 billion over seven years under the GOP-backed bill, much less than the estimated \$ 95.7 billion it would have garnered had the Medicaid program not been altered.

The Medicaid provisions were contained in a larger budget "reconciliation bill" that the House and Senate approved Friday.

"It's a real bleak picture and I think Republicans are pretty much washing their hands of programs for poor people by thinking they can just send it to the state," Waxman said.

Denise Martin, who heads the California Association of Public Hospitals and Health Systems, said the state already operates one of the most efficient Medicaid programs in the country, spending 40 percent less per patient than the national average on children and 45 percent less on seniors.

"It's hard to imagine how California can be more creative," she said. "We all should be concerned about what it means for our (economic) recovery given that the number of uninsured people will increase in California."

But Dreier contended that the measure's balanced budget and tax provisions will stoke California's economy, resulting in a half-million new private-sector jobs.

"Cutting the capital gains tax rate and extending the research tax credit will translate directly into more jobs," he said.

California's \$ 80.3 billion allocation is about \$ 18 billion less than New York will get, even though California is home to more poor residents.

About 14 percent of the nation's indigent patients live in California, which would receive about 10.2 percent of the total federal funds for Medicaid over seven years, according to the California Institute for Federal Policy Research.

New York, home to 7.8 percent of the country's indigent patients, will receive 12.4 percent of the federal funds -- about \$ 98.3 billion.

New York's grant is larger because it spent more per patient in past years and received an equal amount of federal matching funds, while California spent less of its funds and thus garnered smaller sums of matching dollars, said Tim Ransdell, acting director of the California Institute.

"The past allocations thus have created a baseline from which all future allocations must be battled out," he said. "California should get more. New York should get less. But political realities mean that it will take time to get there."